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# The CREDIT WORLD

Magazine of  
Retail Credit

**T**HE Nation's Capital invites the retail merchants and credit executives of the United States and Canada to a four-day business conference:

The Twentieth Annual Convention of the  
National Retail Credit Association—

June 21-22-23-24.



APRIL, 1932



Vol. XX No. 8

# Credit-Education Inserts

To Promote Customer Understanding of Good Credit

## I am the Foundation of Prosperity!

**I** AM the lifeblood of business—the buying medium of millions of consumers.

I keep the industries of the nation at work, providing employment for everyone.

I am the wheel of finance, providing a steady flow of income to the worker, the merchant, the manufacturer, and back again to the worker.

I am the foundation of prosperity—

**I AM CREDIT!**

Help keep the nation prosperous—pay retail bills promptly.

**National Retail Credit Association**

Executive Offices

Saint Louis



## "O.K."—

What it means

**T**HAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it—pay retail bills promptly.

**National Retail Credit Association**

Executive Offices

Saint Louis



## Credit is Faith in Humanity

**C**REDIT—derived from the Latin credo: I believe—is based on faith—faith in people—faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

**National Retail Credit Association**

Executive Offices

Saint Louis



## Like the Sterling Mark on Silver!

**A** GOOD credit record is like the "Sterling" mark on silver—identifying its possessor as one of sterling character.

Your credit record—your credit standing in your community—is the measuring line by which you are judged, especially by those in business.

"Pays promptly" is an identification mark of unquestioned integrity—like the "Sterling" mark on silver.

Prompt payment of retail bills—on the 10th of each month—is the foundation of a high credit record.

**National Retail Credit Association**

Executive Offices

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## The "Who's Who" of Business

**N**OT all of us have our names recorded in "Who's Who" or the Social Register but—

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

**National Retail Credit Association**

Executive Offices

Saint Louis



## The 10th of the Month Is Merchants' Pay Day!

**T**HE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

*Each month's charges are due on the 10th of the following month.*

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

**National Retail Credit Association**

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Size 3 1/8 x 6 inches—Printed in Two Colors

Price \$2.50 Per Thousand

Order from Your Credit Bureau

# The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

April, 1932

Vol. XX

No. 8

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association; in all other respects the Association cannot be responsible for the contents thereof or for the opinions of writers.

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EDITORIAL AND EXECUTIVE OFFICES  
1218 Olive Boulevard St. Louis, Missouri

## Concerning Our Graduates

¶ Employed in 29 states and 14 foreign countries.

¶ Representatives from nationally known corporations engaged in manufacturing, banking, public service, chain-store retailing, etc., call at the school each year, beginning in February, for the purpose of selecting men from the senior class to develop in their organizations, services to begin after graduation in June.

¶ A canvass of our graduates in the spring of 1931, for the purpose of ascertaining the kinds of positions held by them, disclosed that 607 held positions at salaries ranging from \$2,500 to \$12,000 a year, classified as follows:

General managers, treasurers, and firm members	50
Engaged in public accounting practice on their own account	44
Comptrollers, credit managers, and branch managers	28
Engaged in public accounting as seniors	65
Resident auditors and traveling auditors	63
Assistant treasurers, assistant comptrollers, etc.	45
Office managers, accountants, and statisticians	191
Cost accountants	15
Income tax work	18
Engaged in educational work	30
Buyers, collection managers, merchandise managers, etc.	58

(The BENTLEY SCHOOL was started in 1917 with 29 students. The enrollment last year was 2,711. The enrollment for this year will be published after mid-year.)

CATALOG MAILED ON REQUEST

### The BENTLEY SCHOOL of ACCOUNTING & FINANCE

921 Boylston Street • Boston, Massachusetts

H. C. BENTLEY, C.P.A., President

# EDITORIAL COMMENT

D. J. WOODLOCK

## Unemployment and Uncertainty

**I**NCREASED consumer buying creates the demand for merchandise, which reflects back to the wholesaler, manufacturer, and producer of raw material and is the only thing that will bring about a quick yet stable business recovery.

There are two things retarding increased consumer buying—*Unemployment and Uncertainty*. Those who depend entirely upon wages *cannot buy* if unemployed and those who are still employed or have money saved *will not buy* unless they feel they can spend without jeopardizing their future.

There are still twelve million unemployed and many more millions working at reduced wages but—worst of all, bank credit contraction continues, particularly as regards real estate mortgages, and is bringing untold embarrassment to thousands of good citizens. This, coupled with the news from Washington telling of the dire things which will happen if we do not immediately balance our Federal budget, unwise tax legislation curtailing consumption, and economy programs cutting millions of dollars of government expenses (which means more unemployment and decreased wages), is causing those who still have money to hesitate about spending it.

It would appear that all the Government's relief efforts so far have been directed toward helping the banks, railroads, insurance companies and great financial interests and it has done good work. However, it is high time we concentrate on helping those who are the producers of all national wealth—the consumers.

The average citizen has responded nobly to every call for unemployment relief funds and even to the President's call for returning hoarded money to the banks and now finds himself in the position where he cannot borrow on good collateral, even real estate, from these same banks. What a paradox!

True, our Federal budget should be balanced. At least we should adjust our current expenditures to fit current income. This is good business, even in prosperous times, and it can be done calmly and intelligently. We are not facing bankruptcy, we are still a creditor nation, and if the worst comes we can still borrow money.

Let's quit endeavoring to bolster business from the top in an effort to help large financial interests "get out from under." Let's build from the bottom by liberalizing bank credit to dependable citizens and creating employment, which means consumer spending and will eventually make sound our nation's business.

## Mr. Credit Manager—

### How Long Will You Continue Throwing Good Money After Bad?

**W**E HAVE before us a photostat copy of a contract which a member entered into with a collection agency. He paid the agency \$180 in advance. The agency guaranteed to collect \$1,000.

The agency gave our member what looks like a check, but really is a draft for \$180 which was to be cashed if the sum of money guaranteed was not collected within ninety days.

The contract provides that the member give thirty accounts to the agency to collect and the amount of the thirty claims shall be \$2,000. The contract reads "Thirty accounts regardless of the amount or location" BUT—

When the member, after waiting for the expiration of the ninety days, applied for the refund he was advised: "We have checked over our records on your accounts and find that out of the thirty accounts submitted, there are nine which have proved uncollectible in that they are not located at the addresses given and we have been unable to relocate them for you. We are, therefore, inclosing nine blank stubs that you may replace these skips with new accounts."

Our member paid out \$180. He was guaranteed results within ninety days. He has not received any payments. And when he tried to get the "refund" he found technicalities.

We have no sympathy for members of our association who have experiences like this when they have in their own association a department in which are enrolled six hundred dependable and efficient collection agencies who have stood the test of our most rigid investigation and are bonded to the National Retail Credit Association!

## If We Must Cut Expenses . .

THE most inconsistent and unwise retailer is the one who expresses the thought that it is good economy to keep his credit manager at home this year and save the expense of his attending the Convention of the National Retail Credit Association.

When times are hard, business uncertain and collections slow, the handling of charge accounts requires an entirely different procedure from that followed when prosperity reigns. Old accounts as well as new must be carefully watched, extraordinary tact and discretion must be used in collections and surely that is a time we need advice and counsel and an interchange of ideas with others.

The Convention of the National Retail Credit Association presents a "once-a-year" opportunity for mingling with hundreds of fellow-credit men in a four-day study of present-moment conditions, and only a decidedly "dumb" credit manager can attend these sessions without bringing away some new thought, the application of which to his own business will more than repay the expense and time for attending the meeting.

If we must cut expenses, let's do it on items which are not of such all-important value to our progress, as is the education and increased knowledge of our credit managers.

The retailers who will come out of this depression with small credit losses and be prepared to go after and handle increased and profitable credit business when the upward trend comes, will be those who insist upon their credit managers attending the National Retail Credit Association in Washington, D. C., June 21-25.

## Apropos This Month's Cover

It is cherry blossom time—Japanese cherry blossom time—in Washington. The pageant marks the first day of the full bursting of the soft, fragile, delicately tinted buds, an occasion to which all of Washington, from the highest to the lowest, and thousands of others who once have tasted its beauty, look forward every year.

A touch of Nagasaki's beauty. A festal day on which a legendary wonder becomes a glorious reality. A day for tens of thousands to put aside the mundane in favor of the compelling charm of a walk through loveliness itself. The moment of enchantment which is the substance of mankind's dreams.

The response to the bursting of the Japanese cherry blossoms that surround the Tidal Basin of the Potomac in Washington's great southern park is one of those moments that cannot be put into words. Great and small, from all parts of the world, from every state in the Union, they come, apparently to prove beauty's invitation is couched in a language that all can understand.

—Washington Post.

## Credit Granters! Read for Profit --

### "Credit Department Salesmanship"

By BARTLETT and REED

Authors of  
"Retail Credit Practice"

In this new book, these two recognized authorities tell how credit interviewing, granting or even refusing of credit, collection of debts, credit service, customer control, can all help to get more customers into the store to buy more goods.

Complete, authoritative discussions of such important topics as:

1. Use of selling psychology in credit work.
2. Use of sales promotion to build up more charge accounts for the store.
3. Use of letters for both collection and sales building.
4. Use of the newest methods of handling the installment credit problem.

These are but a few of the topics covered with specific suggestions—"case-studies"—from successful experience.

Designated as official textbook for the Advanced Credit Course.

Price \$3.50

Orders are pouring in. Order your copy now, for immediate delivery, from

## National Retail Credit Association

1218 Olive St.

St. Louis, Mo.



## The Banker's Interest In Merchants' Credit Practices

By ROBERT STRICKLAND, JR.

Vice-President, First National Bank, Atlanta, Ga.

An Address Before the Southern Conference of the National Retail  
Credit Association, Atlanta, Ga., March 22, 1932

THERE can be no question, I believe, that the principal difficulties which confront us today and which have confronted us in recent months and out of which I believe firmly we are working, have arisen from too great a liberality of credit.

It matters not whether that credit has been international, whether it has been a terrific abuse of the security markets, whether it has been unjustified extension of credit by jobbers and wholesalers, or as a mere sales medium by retail men, most of the problems with which we have been confronted are, in my humble judgment, entirely due to a failure to adhere to the ideals of sound credits and to an entirely too liberal viewpoint about the right of nation, state, city, county, municipality, individual, business corporations and others to incur debt.

Practically all of the corrective measures which we have endeavored to bring into play the last two years have dealt in some form with credit, and mostly with *credit abuse*.

We witness, even as we meet, the nation's representatives bickering about whether or not this nation should live within its income; and yet there was never a more fundamental economic principle existed than that of living within the income—a balanced budget. And what is true of the nation is true of the state, and yet the great majority of states in this nation are yet living entirely beyond their income. Those things which are true of a nation and state are equally applicable in measure to you and to me and to the businesses we represent.

Now I think gatherings of this sort are for the first time almost in the history of American business a real asset. Undoubtedly the business of this nation has been the most overorganized business structure, the most over-organized nation from a business viewpoint that ever existed.

Apart from the expense of it, we have looked on gatherings of this kind as mere opportunities to get together and we usually show more interest in the evening affairs than we do in the programs of the day; and, as a matter of fact, we haven't brought a lot of honest confession and hard common sense to the discussions we have had in these meetings. I don't believe anything can be more valuable than for a group of this type to get to-

gether and admit mistakes and study corrective measures. So long as we won't admit mistakes there is no possibility of finding corrective measures.

The banking fraternity as a whole knows it has made lots of mistakes: It doesn't require the entire criticism of the press or the public for a banker to know that. Yet I would not be true to my profession if I did not tell you that with all the tremendous losses banking failures have brought to this country, only a very nominal percentage of our national banking strength has been brought into difficulty in this period of the last two years, and in the main those outstanding institutions that have endeavored in the face of popular pressure and demand to maintain sound principles of credit *are today and will continue STRONG and ABLE to SERVE THE BUSINESS OF THIS NATION!*

It has been somewhat interesting to me in my brief business career to watch the development of retail and other forms of credit. The majority of the men in this room I believe have not had a business experience extending more than a generation, and by that I mean fifteen or twenty years. My own business experience is well within that figure, and I would point out to you (as I do so frequently to myself) that those of us in that group have not in any single year of that entire period witnessed a normal functioning of business nor have we ourselves conducted our own duties under normal conditions. It seems to us as we review it to comprise the history of the world, yet for nearly fifteen years we have been paying the tremendous cost of a single war.

The wealth of this country took a tremendous spurt with the war. There was an initial reaction and headache and we were able to patch it up by foreign loans in 1921, 1922, 1923, 1924 and 1925. Then we suddenly realized we were not nearly as good foreign bankers as we should have been. And now we have come into the ultimate Pay-Day Internationally, and, for my own part, I do not believe it possible for the business of this country to proceed rationally on a recovery program, having the maintenance of present standards as its aim, until there is some intelligent determination of international financial relations.

# SAVASORT

TIME-MONEY-SPACE

*sold us!*

says Louis S. Grigsby  
Managing Director of the  
Philadelphia Credit Bureau

Already in use in these companies—speeding up the sorting and filing of checks, sales slips, vouchers, etc.—alphabetically — numerically — geographically, or to special headings.

Allis-Chalmers Mfg. Co.  
American Stores  
Atlantic and Pacific Tea Co.  
Atlantic Refining Co.  
Baltimore News  
Bankers Trust Co.  
J. I. Case Co.  
Central Hanover Bank  
and Trust Co.  
Case National Bank  
City Bank Farmers Trust Co.  
Continental Assurance Co.  
Henry L. Doherty Co.  
Empire Trust Co.  
Fidelity-Philadelphia  
Trust Co.  
First National Bank of  
New York  
First National Bank of  
Philadelphia  
First Wisconsin Trust Co.  
General Accident  
Insurance Co.  
Gimbel Brothers  
Kalle Brothers  
Integrity Trust Co.  
International Tel. &  
Tel. Co.  
Kresge Department Store  
Literary Digest  
Marshall Field & Co.  
Milwaukee Elec. Ry.  
& Light Co.  
National City Bank  
of New York  
Northwestern Mutual  
Life Insurance Co.  
Penn Mutual Life  
Insurance Co.  
Penn Road Corporation  
Pennsylvania Rail-  
road Co.  
Pennsylvania  
Indemnity Co.  
Phila. & Reading  
Coal and Iron Co.  
Philadelphia Electric Co.  
Philadelphia Rapid  
Transit Co.  
Prudential Insurance  
Co.  
Recording and Sta-  
tistical Corp'n  
Schusters' Three  
Stores  
T. Sellenburg & Co.  
Strawbridge & Clothier  
Standard Oil Co. of  
New Jersey  
Standard Oil Co. of Pa.  
Sun Oil Company  
United Gas Improve-  
ment Co.

United States Government,  
Department of Justice  
Post Office Department  
Income Tax Department  
Treasury Department  
Department of Commerce  
Veterans' Bureau  
Civil Service  
Western Union Telegraph  
Co.

To Credit Men,  
Everywhere.

Gentlemen:

SAVASORT sold us. The device itself did what no salesman could have done.

You know why we were sceptical. No need to tell YOU of the time lost -- the confusion which resulted -- because of the difficulty of quickly sorting reports and correspondence.

Sure, there had been gadgets on the market to overcome these conditions, but none of them filled the bill -- and most of them fell apart in no time under the constant stress of Credit Bureau work.

Then we saw SAVASORT in actual use in large establishments -- saving time, money and space -- making reports instant and accurate -- standing up year in and year out under the hardest kind of tests and the toughest of usage.

SAVASORT sold us. We are glad it did.

Louis S. Grigsby,  
Managing Director  
Philadelphia Credit Bureau

Write for information, stating what you sort, volume of sorting, and present method.

Savasort equipment is sold on a 10-day trial, and unconditionally guaranteed mechanically for one year.

**SAVASORT CORPORATION**

6 Walsan Way

Philadelphia, Pa.

Now, what happened during those fifteen years in which most of us have lived and done our work? Not content with retail credit in its earliest form, where it was a seasonal transaction adapted to the uses of an agricultural people, we have aborted it to the point where we made it possible not only for a man to obtain credit while he was producing actual wealth from the ground, but made it possible for his productive capacity to be anticipated for a long period.

Many of my good friends in the "consumer credit" business, to which time-installment selling has become dignified (and I have no criticism to offer of the consumer-credit system in so far as it, as a credit system, is concerned) will feel I am critical when I say that the huge volume of funds, the huge anticipation of income which took place in this country during the past ten years has been in substantial measure responsible for the present excess productive capacity of our several leading industries.

It matters not that in the main those credits were soundly extended, and I do not think anyone can criticize the extension of installment buying which has been developed to a science and which is in the hands, I believe, of intelligent and well-guided business men, but I do not believe any of these people will deny that the availability of that credit encouraged industrial expansion of plants unsoundly. With reduced purchasing power, this volume is now cut off and has, in turn, precipitated lowered earnings, reduced or omitted dividends and therefore the inability of our security markets to maintain anything like the fantastic level to which we thought we had permanently moved.

I don't believe any one of us in the credit group can afford to criticize the practices of the other in this past era because I believe we have all been contributors to unwisdom of credits—not unwise at the time of extension but because we haven't been fundamental students in our part of the credit economic relationship. We have been content to say, "Yes, this man is good for thirty days, or for this installment contract, or for a 90-day note."

We have been content to take our profit out of the immediate transaction without calculating whether or not we were contributing to the long-time fundamental unsoundness of our credit structure. And I believe that is the challenge to every dispenser of credit in every line of business in the United States, I care not whether it be the underwriter in Wall Street, the converter in Worth Street, whether it be the banker in the small crossroads town or small city, or whether it be you gentlemen who represent multiple sources of credit availability throughout this country.

If we do not have that consciousness of maintaining sound credit practices for the *long pull*, as much as our responsibility for earning profits on sound credits for the *immediate present*, we will continue to have these repercussions of credit failure, inactivity and unemployment—and we, ourselves, are to blame for it.

I do not believe anyone can exercise as much influence on fundamental credit thought in this country as the retail group to which you belong. Whether we act in this country by firms or corporations or by any other groups, we are fundamentally acting on our own individual beliefs and if you and I come to believe as our fathers and forefathers did, that a mortgage on the home is a disgrace, and if we succeed in making a number of other people have that same belief, I believe sooner or later mortgages will not be regarded as a permanent home fixture but as something to be eliminated in a course of time by a man of productive capacity.

I believe *you*, more than anyone else, can engender in the American public *a regard for the sanctity of an obligation*. I believe *you*, more than anyone else, through your contact with almost the entire public, *can make good intentions come true*. And I believe *you have a duty*, as educators of the American retail purchasing public, *to instill again in them a respect for promises and a responsibility in the payment of obligations*.

I do not wish to draw too severe an indictment against the public for lax credit practices, for I believe they have been led on to many of the practices they follow. I believe it is the result of competitive practices on your part and mine. I believe closing the books six or eight weeks before anyone is going to get a statement is not sound.

I believe retail credit is a service for which a charge should be made. When you sell merchandise to me as a customer and to my neighbor as a customer, and he pays his bill promptly and I don't, you lose the interest on your investment and ultimately he has been made to pay something I am responsible for. I believe it is therefore in the interest of the public that there be good, sound, retail credit practice in order that that great percentage of the public fundamentally honest and endeavoring always to carry on its contract may not be penalized by the default of the few.

That, to some extent, illustrates in what manner your group of retail credit men can improve the nation's consciousness in relation to debt.

I do not want to be misconstrued as saying the extension of credit on any basis is an unimportant and an unnecessary thing, that the world should go on a cash basis. The complexity of modern life will not permit that.

But I do believe that until we forget we have lived in a tragic generation, all the way from the shock of war to the tragedy of unemployment—history made in the toppling of governments, the map of the world recast—until we forget that we have lived in an era when we have seen everything great that has happened in history before happen in a brief generation with many new things added (and I don't think we can forget all that in a day), and until we feel an individual responsibility for our daily actions, not until then do I believe we can forget bitter competitive practices.

(Continued on page 31.)

## Dallas Credit Men Meet With Dr. Surface

The Bureau of Foreign and Domestic Commerce will weather the economy storm that is sweeping through Congress because it is daily proving its value to American business, Dr. Frank M. Surface, assistant director of the bureau, Saturday told a group of Dallas retail credit men.

Dr. Surface was the luncheon guest of Robert Stern, a director of the National Retail Credit Association, and of the officials of the Dallas Retail Credit Men's Association, in the Adolphus Hotel. He came here Friday from Washington for a series of local conferences before going to Austin for a meeting Monday and Tuesday called by the University of Texas bureau of business research to discuss the state's economic resources.

Dr. Surface, telling of his bureau's work, said that it is now making surveys of all kinds. He spoke especially of two on bankruptcies, one in Boston in cooperation with Harvard University and one in Chicago in cooperation with the University of Chicago.

The National Retail Credit Association survey of retail business for 1931, Dr. Surface said, covered 483 firms in seven lines of business in twenty-five cities. The volume was \$585,000,000.

The first of these surveys was made by the bureau, Dr. Surface relating that it covered 25,000 firms in twenty-seven lines of business and doing a volume of \$5,000,000,000. This is 10 per cent of the country's retail business, he said.

He pointed out from these surveys that installment buying represents 10 per cent of the country's retail business and that although business showed a decline in 1931 from 1930, the percentage of installment business declined hardly at all.

Members of the Retail Credit Men's Association who

met Saturday in the Adolphus to hear Dr. Frank M. Surface of the United States Department of Commerce are shown in the picture, front row, left to right, John L. Cottingham, Harold M. Young of the department, Dr. Surface, H. S. Avery of the department, Z. M. Hawk, C. W. Schwettman and J. O. Yeargan. Back row, J. P. Olive, J. N. Mancill, Fred L. Haynes, E. G. Watkins, R. E. Hill, Robert Stern, Gus Cohen and President H. M. Tobolowsky.—*Dallas (Tex.) Morning News*, March 20, 1932.

» » »

## Convention Entertainment

While it is planned to have the Twentieth Annual Convention of the National Retail Credit Association in Washington, June 21-25, the most businesslike and educational meeting of the Association, the Committee of the Associated Retail Credit Men of Washington has arranged a number of entertainment features of exceptional merit.

Monday evening: A glorious Mardi Gras trip down the historic Potomac on the palatial "City of Washington." Music by "Cab" Calloway's famous radio orchestra.

Wednesday: Visiting ladies will be taken on sight-seeing tour of city of Washington and the home of Washington at Mount Vernon.

Wednesday night: The Bi-Centennial pageant in open air Sylvan Theater at foot of Washington Monument. Five thousand persons in costume, a glorious setting for a beautiful pageant.

Thursday night: The Annual Banquet and Ball at the Mayflower Hotel. Special features include: Mr. Strickland Gillilan, America's famous humorist; Rev. Allen Stockdale, a speaker of international reputation; a galaxy of stage and radio stars in song, dance, and music.





# "Pay Promptly" Advertising Pays Memphis!

By H. C. STROUPE

Credit Manager, Memphis Power & Light Co., Memphis, Tenn.

**W**E ADVERTISE everything else in an attempt to educate the buying public, then why not educate them in the manner in which they should pay their accounts. Credit men, as a rule, do not sell merchandise, nor are they salesmen in the strict sense of the word. If they were salesmen and appreciated advertising as salesmen do, there would be a continuous "Pay Promptly" Advertising campaign in every city where a credit bureau or a credit association existed.

Advertising—notwithstanding all the "ballyhoo," as shown by that interesting publication of the same name—is a most powerful force in business and human affairs. It took advertising to arouse the patriotism of the entire people prior to our entry into the World War. It took advertising to sell the millions of Liberty Bonds. It takes advertising to select a presidential nominee, and advertising to elect a president.

All progressive members of this association use advertising to sell their merchandise and thousands of dollars are spent by them yearly in doing so. If all this expense is justifiable and essential to the sales department, why cannot the majority of credit men understand that "Pay Promptly" Advertising is essential to their department?

Just a few dollars per month or a very small percentage of the advertising funds from each member of an association or an allotment of a few inches of advertising from their advertising appropriation each month would finance a continuous "Pay Promptly" campaign!

Credit men primarily are interested in prompt collections and the resultant good. The public however, cannot be said to be interested in how the merchant is benefited or affected. Therefore, from the standpoint of good advertising and best results, the objective of "Pay Promptly" Advertising should be to sell the public on how it will benefit by paying promptly.

This has been the basis of "Pay Promptly" Advertising in Memphis, which has been running continuously for nine years. The advertising committee is practically the same as when the campaign started, and its duties are only supervisory, requiring only a small amount of its time, as the copy has always been prepared by an agency, qualified to handle the subject.

Credit men, not being advertising men and advertising men not being credit men, some difficulty may be experienced in putting forth just the proper copy. Too drastic copy will produce immediate wonderful results, but at the expense of losing desirable charge accounts.

On the other hand, proper continuous copy should in no way discourage buying on credit. For this reason it is well to use as a slogan, "Buy on credit and pay in full each month by the 10th or as promptly as agreed."

The words, "Buy on Credit," are invitatory and tend to take the sting out of urging prompt payment. Suggesting "by the 10th," not "on the 10th," automatically establishes a community credit policy which can be made as strong as each member desires and which will be found quite beneficial. "Promptly as agreed" does not interfere with the established credit policy of any member who does not care to insist upon payment by the 10th.

I know of nothing that will increase the usefulness, prestige and power of a retail credit association or reporting bureau as much as a continuous "Pay Promptly" campaign. It aids in stabilizing the membership, it makes every member feel that he is taking an active part in bettering credit matters, and affords the bureau ample opportunity to tell the public how it operates and incidentally the necessity of paying promptly to maintain a high credit rating.

A credit reporting bureau, either privately or merchant owned, is only as good as the members and the bureau managers make it, and the more publicity a bureau receives the better it can serve its members.

I believe it is a waste of money to start a campaign and drop it after a few weeks or a few months. Advertising pulls, not jerks. Continuous advertising is necessary for real benefits. Due to changed conditions, it is not possible to give percentages of increased collections due to "Pay Promptly" Advertising, but I do know, "believe it or not," that when "Pay Promptly" Advertising was first used in Memphis one department store reported an increase in collections of about 75 per cent. This figure was challenged and it was found that the increase was even greater.

There is every reason to believe however that "Pay Promptly" Advertising saves thousands of dollars in

lars in losses each year by stressing the sacredness of credit obligations. The small merchant, anxious to make the sale and acting as his own credit man, will sell, within reason, almost anybody and especially personal friends and acquaintances, without proper investigation.

He is often stung due to this misplaced confidence and lack of definite credit information, but nevertheless many must pay him promptly due to the impression "Pay Promptly" Advertising has made on them.

Then too, many customers, broke today, were heavy buyers a few months ago, and paid promptly, due at least in part to "Pay Promptly" Advertising. Had they not paid promptly when they had money, they would now owe thousands of dollars that they probably could never pay. How much has thus been saved by "Pay Promptly" Advertising cannot even be estimated, but the sum could easily run into five or even six figures.

Aside from the above benefits there is a PAY PROMPTLY consciousness instilled in the minds of the buying public, that cannot be brought about except by "Pay Promptly" Advertising.

It assumes the attitude of a community policy adopted by all retail stores, and applying to all customers alike. It is not wise to lay too much stress on prompt payment in your office at the time an account is opened. It

the month. Such a policy unless adopted and enforced by all stores would create much ill will. The public however does not seem to resent being reminded to pay promptly as a whole when it is done publicly by the entire association of retail merchants.

This can only be done by constant reminders through "Pay Promptly" Advertising. Reminding a customer, individually, that his account is past due, is a difficult task as well as an unpleasant one. There is always that possibility of offense and loss of the account, especially unless the account is considerably past due. How much better and easier it is to educate such customers to pay before the account becomes delinquent.

Have you ever stopped to think how difficult it would be to inform each customer individually that unless bills were paid promptly they would be reported to your association bureau as slow pay and thereby injure their credit in the whole community. This would be most difficult and to leave such an impression before the account became delinquent, as a means to keep it from becoming past due, would be impossible. But how easy it is to convey just such an idea through a well-worded "Pay Promptly" Advertisement.

There is no end to reasons for "Pay Promptly" Advertising and I see only one objection that can be registered against it and that is that it costs money. But where could money be more wisely spent and better returns gotten?

Before going into the details of setting up and carrying out a "Pay Promptly" Advertising campaign, let me mention briefly, as a matter of summary that—

• Pay promptly advertising increases sales—increases collections—stabilizes collections.

It increases business, for a person will buy more when he owes nothing past due.

It greatly reduces the sending of second, third or more statements to debtors, thus saving much postage. It reduces personal collection expense, and paves the way for the collector when he calls.

It enables the reduction of bank accommodations, thus saving interest.

It provides additional funds with which to discount purchases, making substantial savings. It maintains better bank balances.

It induces keeping purchases within means of paying promptly.

It influences the coming generation, as well as the public, to appreciate the necessity and advantages of paying promptly.

It sells the public on the advantages of a high credit rating.

It increases the circulation of money, benefiting banks, by customers being able to maintain larger balances. It benefits rental agencies by increasing promptness in paying rents.

It benefits insurance agencies by increasing promptness in payment of premiums. It benefits professional men and

**MEN WHO PLAY FAIR...**



**"We'd be doing ourselves a favor if we paid our bills promptly!"**

Jack and I were having a "squabble" over bills. It had started as a joke, but now it was too serious.

"I don't care how you run your business," I said. "I'll pay my bills when I can, and that's that! My money is for better use."

"But, Pat, there is no better use for your money than getting your bills paid. We are doing ourselves a favor when we keep our credit good."

"That's all well," was all I could say.

"Well, suppose you charged some furniture on your account. That was a pleasure to pay within a certain time. The time passes and the bill is not paid. Your credit is less than it was. Your name's credit prestige... and wherever credit was given you, your name has a question mark about it."

"So you see, if we pay our bills more promptly, we'd always be able to have credit... and, incidentally, the respect of our neighbors!"

"Yes, but, Jack, they know we're honest and will pay. A few weeks more or less doesn't make so much difference."

Jack was disgusted now, so I knew he was serious.

"Delay in paying," he replied, "causes our creditors just as much trouble as though the manager should forget to pay my salary for several months. The money we owe them is their money. And they have to eat, too!"

To tell the truth, I hadn't thought of credit in that way. Jack wasn't faulting with me, however.

"What's more, Pat," he went on, "we're the ones who benefit from credit. They allow us the goods and the money handle. We're truly not playing square!"

**Free Booklet "How to Use Credit to Your Best Advantage"**

Helpful new booklet will be a revelation to you. Send to your first and reliable obligation. Shaded in glass envelope. Write or mail coupon below.

**...THE LOCAL... RETAIL CREDIT ASSOCIATION**

RETAIL CREDIT ASSOCIATION, One Building, Town, Ohio.

Please send me Free Booklet "How to Use Credit to Your Best Advantage." (No obligation of course.)

Name.....

Address.....

City.....

**WOMEN WHO PLAY FAIR...**

**Suppose I forgot your salary for several months?**

**WOMEN WHO PLAY FAIR...**

**Had she the right to preach?**

**WOMEN WHO PLAY FAIR...**

**....They were talking about his wife**

**WOMEN WHO PLAY FAIR...**

**"Now it's our turn to play fair with them!"**

**Pay Promptly**

**THE LOCAL RETAIL CREDIT ASSOCIATION**

# **"Pay Promptly" Advertising--- Ready To Use**

Local Associations planning "Pay Promptly" Advertising Campaigns are invited to investigate the National Association's campaign first.

At far less than it would cost you to prepare a single campaign, we can furnish—on a flat charge basis:

- Newspaper Mats
- Statement Enclosures
- Car and Bus Cards
- Billboard Posters

For Full Information Write:

**D. J. WOODLOCK**  
The National Office



**We have a series of 24-sheet posters for billboard use in stock for immediate delivery.**

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all other lines of business endeavor that have obligations due them.

The Retail Credit Men's Association of Memphis conducted its first "Pay Promptly" campaign in November, 1918. Intense advertising was done for a period of six weeks, and the results in improved collection conditions were very marked. At that time there was no thought of any subsequent campaign, the assumption seeming to be that the effects of the first campaign would be lasting. But as time went on it was found the effects of the campaign were waning.

The association therefore decided to launch another campaign, which it did in April, 1921, for a period of three months. The results were again very gratifying. About this time "Pay Promptly" Advertising was becoming more and more popular, most of the cities of the country having taken it up, to some extent.

Like the first campaign our second one in time began to lose its effect and we found it advisable to put on another. This we did in the spring of 1924, and this campaign has been running continuously since that time.

This feature of the association's work has always been handled by an advertising committee. In the beginning the funds were solicited by members of the association. Later it was turned over to the newspapers and billboard companies, with the association calling on only such firms as the advertising men failed to sell. At the present time, all soliciting is done by representatives of newspapers and billboard companies.

Members contributing to the campaign agree to pay \$7.50 per month for one year, with the exception of the department stores, who pay \$25.00 per month. We have found it almost necessary to have only one rate of \$7.50 per month (with the exception of the department stores), thus preventing any one contributor from complaining that he pays more than another.

The subscriptions are expended evenly among the morning paper, evening paper, and poster advertising. Representatives from the three concerns solicit the contributions and when all three work together the contributions are pooled equally among them. Each concern takes the contracts allotted to it and collects direct from the contributor each month for the amount he subscribes, so that the association is relieved of any collecting or financial responsibility, and simply places the advertising copy. We have found that this arrangement works most satisfactorily.

So in the final analysis the only burden placed on the association is the selection of the copy. This is not such a difficult task, when "Pay Promptly" Advertising is being used so largely over the entire country. Most any city will be glad to furnish samples of their copy. Memphis has published several booklets on this subject showing cuts of newspaper and billboard ads., and we will be more than glad to assist in every way possible any association interested in "Pay Promptly" Advertising. Valuable information may also be obtained from your National Association.

## They Had Credit Trouble in 1839

The following from the *Rochester Democrat and Chronicle* should prove interesting to retail credit men:

### MERCHANT IN NEED OF MONEY RUNS

#### AD WARNING CUSTOMERS OF FLIGHT

Yates County Whig, Published in 1839, Contains Threat of Needy Storekeeper to Place Accounts of His Debtors in Hands of Attorney

Yates County had a weekly newspaper some 92 years ago known as the *Yates County Whig*, according to Mrs. James Gamby of Bluff Point, who has a copy in her possession which was published Dec. 24, 1839. Andrew Cooper was the editor and publisher, the masthead discloses.

The paper reports a meeting of the Democratic Whigs of Yates Court at the Hoyt Hotel in Penn Yan with Miles Benham acting as chairman.

Probably the most interesting advertisement would provide copy for a similar ad which many merchants would like to run today. The tone of the advertisement indicates that the grocer of a century ago was in need of money.

The ad reads: "I shall do it, don't be frightened! But there is one thing certain, to one and all, if you don't call and settle and pay me something before the first of January, I must go to Pot. You know I never have called upon you, nor sued you, nor made you any cost but have been easy as an old shoe, but now I speak in Loud Words.

"I must have my pay or I shall put you through a lawyer's office. I cannot help it. I am cramped, screwed and twisted the worst kind. I must have money or something to pay debts. This is no joke. I am right down earnest and you will find it so. Call at No. 7, A. Tuells, I am the man what sells GROCERIES CHEAP. Don't forget. If you do, you will see the White Horse coming with a genteel rider on him, with a hat full of papers. He will put you through like a locomotive."

While the phraseology may be different, we today are struggling with the same thought, but what an improvement has been made in credit extension is evidenced by the fact that in this very town of Penn Yan has been established a branch office of the Hornell Credit Rating Bureau, Inc., of Hornell, New York, an affiliated bureau of the National Retail Credit Association Service Department.

» » »

## An Added Attraction for the National Convention

One of the most beautiful pageants of the Washington Bicentennial program will take place during the Convention of the National Retail Credit Association in Washington, June 21-25. It will be held in the Sylvan Theater, at the foot of the Washington Monument. This famous outdoor theater seats thousands of persons.



# The New "Group Exchange" Service

By FRANK E. PARKER

**Vice-President and General Manager, Merchants' Credit Bureau, Detroit, Mich.**

**T**HE Merchants' Credit Bureau of Detroit has instituted a Group Exchange Plan among the larger stores, that carry the largest number of open accounts, which is in addition to the regular service of the bureau to these stores.

The plan was started as an experiment in September, 1931, and has proved so satisfactory in every way to the participants that it has been accepted as a permanent service.

The basic idea was to prevent the "pyramiding" of accounts, which so frequently occurred in the past before there was any apparent good reason for any member reporting anything derogatory regarding the account to the bureau. The importance of something of this nature was brought out by the fact that a large store in making a careful analysis of their bad accounts, which had to be charged off, discovered that practically 85 per cent of these accounts were with individuals who had long been satisfactory customers and had given no cause for their reporting to the bureau anything but favorable comments whenever the bureau made a clearance on such names.

The plan as worked out by the Detroit bureau involves the use of the equipment of the Tabulating Machine Company, which the bureau fortunately has had for several years for its accounting system.

However, this does not prevent the same plan being used even without the assistance of this machinery, par-

ticularly where the volume of accounts would not be so large. It is understood the Toledo bureau is now using the plan without tabulating machinery; they doing their sorting by hand.

The age of the accounts reported on, of course, can be changed to suit the group but in Detroit they have started out by reporting only accounts having a balance of \$15 or more dating back four months.

The bureau supplies cards to each member of the group. The card provides space for the name and address of the debtor and a space for each month of the year in which the amount is written and the "code letter" adjoining it; each card, therefore, is good for a year. The form used is shown as Figure 1.

The member advises the bureau of the number of cards needed. These are delivered by the bureau in time so the member can write them up on the 15th of the month.

On the card shown in illustration, it indicates that John B. Adamson owes the member turning it in \$172 on March 1st on which there was at least a \$15 balance running back to November 1st. A code letter is used to indicate certain conditions of the account as follows:

Placed for collection .....	E
Account closed—undesirable .....	G
Satisfactory and would continue to sell ..	S

The latter letter, however, is only necessary in cases where a member has reported the same name and simi-

No. 1.				
NAME				
John B. Adamson				
ADDRESS				
1136 Euclid Avenue				
JAN.	FEB.	MAR.	APR.	MAY
JUN.	JUL.	AUG.	SEP.	OCT.
NOV.	DEC.			

  

NAME CODE												SUBSCRIBER NUMBER
INIT.		SURNAME										
00	00	00	00	00	00	00	00	00	00	00	00	MEMBERSHIP CREDIT WORKSHEET
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22	22	22	22	22	22	22	22	22	22	22	22	
33	33	33	33	33	33	33	33	33	33	33	33	
44	44	44	44	44	44	44	44	44	44	44	44	
55	55	55	55	55	55	55	55	55	55	55	55	
66	66	66	66	66	66	66	66	66	66	66	66	
77	77	77	77	77	77	77	77	77	77	77	77	
88	88	88	88	88	88	88	88	88	88	88	88	
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33 34 35 36 37 38 39 40 41 42 43 44 45

lar amount in succeeding months, which would indicate the account was getting older yet it was still considered satisfactory as an active account.

Whenever an account has been charged off to suspense or profit and loss by any member who has previously reported the account on a card, the card is then stamped "charged off" across the face of it and sent to the bureau, otherwise the absence of a card the second month would indicate to the bureau the account had been paid.

When the cards are received by the bureau they are put through the sorting machine which brings together all cards bearing the same name from all members of the group.

Whenever a name appears more than once an exchange slip, as illustrated in Figure 2, is made for each member reporting the name and one for the bureau containing thereon the name, address of the customer and the membership number of each reporting member and the amount of the account.

This exchange slip, therefore, posts each store on the amount the individual is owing the others of the group at the first of the current month and the fact that he is back four months on a portion of his account with each of them.

The bureau uses its copy of the exchange slip for its files and, when filing these, if it is found that any other member of the group who did not report on the name had at any time called for a report or otherwise indicated they were interested in the name then an exchange slip is also sent to that member, as it might be that that particular member had an account but it was not yet in the condition that called for a card.

It should be kept in mind that this service is only rendered to the members of the group paying for it. The plan has proved to be of mutual benefit to the members of the group and also extends its benefit to the other members of the bureau who are not participants in the group, due to the increase of information that is immediately available on the bureau files, which for reasons stated at the beginning of this article might not have been there.

It has not been found, as has been suggested, that the bureau might suffer from loss of regular reports, but on the other hand, members of the group have reported that it has demonstrated to them the greater necessity of getting reports on revived inactive accounts and also when they receive a new charge against any individual upon whom they have one of these exchange slips and who may have been a good customer during the past with them. They want a complete picture of the situation and call for a regular report where otherwise, there being no derogatory information, they would have continued to sell the customer at their possible loss.

The cost of the service to the members of the group has proved to be nominal after the plan is once working and particularly where the tabulating machines are available. However, one bureau in a smaller city than

Detroit that would not have the same number of cards to handle, is doing it very successfully by hand-sorting and at a satisfactory cost to its members.

The members of the group are assessed for the service by having the complete bureau cost of operation, including overhead and a reasonable profit to the bureau, distributed over the participating members two ways:

MERCHANTS CREDIT BUREAU DETROIT, MICH.		No. 2.	DATE Feb. 25, '32
NAME	Adamson, John B.		
ADDRESS	1136 Euclid Ave.		
68	125		
97	30	S	
38	223		

1st: The cost of all cards and the sorting of them is distributed pro rata according to the number of cards sent in by each member.

The cost of making out exchange slips and delivering to the member is distributed according to the number of exchange slips sent to each member.

It has been found the cost of operation based upon the number of cards or accounts reported to the bureau runs approximately two cents per name.

2nd: From another angle the cost to the members, based upon the number of exchange slips they received, would be from eight cents to ten cents.

This service has not in any way dispensed with the regular Watch Card Service and does not presume to displace the need of getting complete reports but is, as before stated, for the principal purpose of preventing the "pyramiding" of accounts and allowing a former good credit risk to carelessly get in debt beyond his ability to properly take care of his accounts. It, therefore, serves as a splendid medium by which the credit man can be of assistance to that class of customer by giving him good advice based upon facts that are in his possession and saving both future trouble.

## THE BIG LEAK

More accounts are lost through inability of the creditor to locate the debtor than from any other cause.

We're specialists in locating "skips" and securing their employment.

Credit Managers and collectors will profit by writing today for free trial offer.

### THE TERMINAL MESSENGER SERVICE

Stuart Building

Lincoln, Nebraska

Sixth Year - - A Complete Service

# WORTH NOTING « «

## A Digest of Credit News For Quick Reading

### March Business Failures Increase

Business failures throughout the country during March continued to reflect the bad conditions of the past, both in numbers and liabilities, according to a preliminary compilation of *Bradstreet's Magazine*. This compilation is based on telegraphic reports from all sections of the country.

Business failures in March amounted to 2,667, as compared with 2,315 a year ago, and 2,577 in February. Figures for liabilities, however, bring out even more strikingly the poor conditions as illustrated by insolvent concerns. Liabilities totalled \$182,739,895, more than doubling the amount of the corresponding month of last year and exceeding by some \$55,000,000 the February total.

» » »

Reservations are coming in for the National Retail Credit Association Convention in Washington in June. Many Credit Managers are combining the Convention trip with their annual vacations.

» » »

The population of the United States is estimated at over 124,000,000—or 41.7 persons per square mile. Fifty-one out of every one hundred persons are male, 21.7 per cent are under 10 years of age, 19 per cent between 10 and 19, and 17.4 per cent between 20 and 29 years.

» » »

Reduced railroad rates and reduced hotel rates make a trip to the Washington Convention of the National Retail Credit Association an inexpensive way to see the wonders of the nation's Capital.

» » »

And now the Cunard Line has announced ocean trips to Europe on the installment plan!

» » »

Some idea of the decrease in the number of applicants for charge accounts is indicated by 13,080 less interchange coupons having been used by the National Retail Credit Association Bureaus during March, 1931, as compared with March, 1930.

» » »

### A Model Credit Bureau

At the Convention of the National Retail Credit Association, Washington, June 21-25, the Service Department Group will present a model credit bureau in full operation. This will take place on Tuesday afternoon, June 21.

### Collections in New York Improving

February collection percentages were only 1.58 behind the same month of last year according to the 20-store index of the Credit Bureau of Greater New York. The average for last month was 41.66 and for February of 1931 it was 43.24.

The highest percentage reported was 55. and the lowest 26.9 compared with 57.7 and 33.7 the previous year.

Five of the twenty stores showed an increase in collections over the previous year and fifteen showed a decrease.

» » »

The "Wise Spending" study conducted by the General Federation of Women's Clubs in cooperation with the Department of Commerce is of interest to Credit Managers because two of the subjects for study are "Credit Relations" and "Returned Merchandise." It should be a great educational feature for the two million women members of the Federation.

» » »

A survey by the Bureau of Business Research of the Boston University indicated 23,813 students came to New England colleges and universities during the school year ending June, 1931, and spent a total of \$27,730,756. It is estimated visiting relatives spent from two to three million dollars in addition to this sum.

» » »

In 1931, there were 25,940,000 motor vehicles registered in the United States exclusive of those owned by Government Agencies. Each of these required two license plates, or 51,000,000 pieces of metal enameled in two colors.

» » »

Fifty-two cities using the Pay Promptly Advertising copy of the National Retail Credit Association report increased collections.

» » »

### Exhibits and Demonstrations of Office Equipment

An elaborate exhibition of modern office appliances will be a feature of the National Retail Credit Association Convention in Washington, June 21-25. Arrangements have been made for fifty displays. This will be an educational as well as an interesting exhibition.

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Reprints of any article appearing in *The Credit World* may be obtained at nominal charge, cost depending on quantity desired.

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# This Gold Standard— What Is It?

By OLIVER S. POWELL

Chief Statistician, Federal Reserve Bank, Ninth District, Minneapolis

An Address Before the Seventh Annual Conference, North Central  
Division, Minneapolis, February 15, 1932



THIS gold standard about which we are speaking is really a simple proposition. When we say that a country is on the gold standard we mean that values of prices are based on gold. We set up a certain amount of gold in the United States as the standard. One ounce of gold is worth \$20.67.

Putting it another way we have what we call the dollar which consists of 23.2 grains of pure gold. We could have set up any other measure. We could have taken any other commodity or a group of commodities but we have chosen gold.

Not only have we made the statement that all values are based on gold but we also guarantee that anyone wishing gold either to hoard (?) or to pay a debt at home or abroad or to use in industry can get it and he can get it in exchange for other kinds of money or bank deposits, at this ratio of \$1.00 in paper money for 23.2 grains of gold.

Some of the other countries have minor variations of that guarantee. In England since the war and until they abandoned the gold standard last fall you had to take \$8,000 worth of bank notes to the bank of England to get gold. That was merely a provision that made it unnecessary for the bank of England to pay out small quantities. It didn't mean that you couldn't get gold in large quantities if you wanted to.

Now why do we have to have a gold standard or any other standard? Just what is behind it? The reason lies in the fact that we need money of some sort in our modern kind of business. We've gotten way past the old way of simple transactions when we could get along with barter.

We need a medium of exchange to carry on our transactions. We need something to use as a measure of values of other commodities. We want to be able to store values in some form where we know just how much our savings will amount to in a year from now. If we put them away now, we don't want our commodities that we are saving to deteriorate or to evaporate and we need a store of value. Finally our most modern use of gold is as a reserve against credit.

In order to guarantee that our paper currency and our bank deposits will serve their proper function, we insist on having a certain amount of this gold behind both our

paper money and our deposits. We don't insist on having our bank notes or government currency fully covered by gold, but we must have some gold.

Those who are criticizing the gold standard are generally criticizing this phase of the gold standard, the use of gold as a reserve behind credit and currency. They are not criticizing gold as much as they are criticizing credit machinery, falsely assuming that it is our gold standard. It is rather some of the uses of credit that are responsible for certain troubles.

Now what happens when a country abandons the gold standard? First of all when a country abandons the gold standard the government and banks cease to pay gold on demand. They repudiate their former pledge to pay gold to those who wish it and to those who use it chiefly for export purposes, importing, and for foreign debts.

Difficulties immediately arise when a country goes off the gold standard, especially in the prices of commodities. The basis for these valuations vanish and we find the old haggling system of figuring prices coming back.

The merchant doesn't know exactly how much he should charge. He doesn't know how much it will cost him to buy merchandise, to replace it, and to restock. He naturally charges enough to reimburse him. Generally the workingman suffers most, because prices go up, some faster than others, and his wages do not rise without a sharp struggle. But prices of the commodities that he buys do go up.

People with savings suffer because their savings are in terms of monetary units of the country, in dollars or in pounds. And in England if the pound becomes less valuable in terms of commodities as it does when the gold standard is abandoned then the savings will not buy as much as they formerly did. People with bonds lose out.

It becomes especially difficult to handle foreign transactions. Some countries on the gold standard and others not find it difficult to do business with each other as they have some trouble in reaching a decision as to what the currency of one country is worth in the terms of the other country's currency, and so we have trade suffering, when countries go off the gold standard. So much for a very brief discussion of the nature of the gold standard.

I should like to compare for a minute the situation in

# Economize on Credit Losses

Economizing on the Credit Department—on the development of credit personnel for better control of credits and the reduction of credit losses—is not sound economy, even in depression periods.

The merchant who will not send his credit manager to the business conference of the National Retail Credit Association because of a saving of a few dollars' expense, overlooks the fact that if there ever was a time when credit executives should know all about their jobs it is now.

Consumer credit has weathered the depression and it has been more sound than other forms of credit, because of the constant training of twenty thousand members of the National Retail Credit Association.

Every credit manager who attends the four-day Credit Conference of the National Retail Credit Association in Washington, June 21, 22, 23, 24, will return home a better executive, in tune with the trend of the times. He will know what to do and how to do it. The incidental cost of the trip is not an expense, it is an investment in increased efficiency.

*Make Reservations Now—Write:*

**MARTIN M. WATSON**

c/o Dulin & Martin Company  
Washington, D. C.

or—

# NATIONAL RETAIL

Executive Offices Saint

Spotel  
Redes  
ON



Mayflower Hotel

# ss- Not on Credit Methods

This Twentieth Annual Convention will be, first of all, a business meeting—a practical "hard-headed" business conference to fit present-day needs.

## THE PROGRAM

Morning Sessions—9:00 to 12:30

### *Speakers of National Reputation:*

Merchants—Bankers—Economists—Statisticians—  
Business Analysts.

Afternoon Sessions—2:00 to 5:30 P.M.

Group Meetings—intimate rapid-fire discussions of Credit Department detail.

Department Stores  
Women's Wear  
Men's Wear  
Shoes  
Jewelry

Finance  
Automotive  
Hardware  
Lumber & Coal  
Public Utility

## SERVICE DEPARTMENT MEETINGS

Separate meetings of Credit Bureau and Collection Department Groups—each afternoon.

Demonstration of model Credit Reporting Bureau and model Collection Organization.

# CREDIT ASSOCIATION

Saint Louis

APRIL, 1932

England that forced England off the gold standard and the situation in the United States. There is considerable discussion among economists and politicians and in the newspapers about whether the United States is going to be forced off of the gold standard and whether it would be beneficial to do this.

However, the problems go back two or three generations. One important factor is that England has lost a large part of her greatest export which is coal. The countries in Europe who formerly bought British coal have developed their own sources of power and English coal is no longer as essential as it once was.

The British industries have become ridden by the labor unions. Rightly or wrongly that has raised the cost of operation of British factories so that they have not been able to compete with foreign factories. The manufacturers themselves have been somewhat to blame. British factory operation has become less efficient and more expensive than factory management in other countries and England for the past ten years has been losing trade relative to the rest of the world.

Then England tried to retain her financial leadership by taking deposits in the form of Central Bank Balances and lending these balances abroad for long term loans. Any country that takes deposits on demand and lends them out for long periods is getting into a predicament that is full of trouble.

While all this was going on, the British government was carrying on extensive socialistic experiments of which the most important was unemployment insurance. It worked well but became an important drain on the British treasury when the factories were not running full blast.

The British government has been losing control over its colonies and dominions and at the same time it has been furnishing protection in the form of its Navy and Army without receiving a cent of recompense. That is an important item in the British treasury expense that has been a tremendous drag on the financial strength of the country. Political disturbances in India have cut down on trade with India.

Finally these things developed an unstableness of government. Capital began to leave England. Foreign banks with funds deposited in England began to draw their funds back home because they did not trust their funds in England under the unstable political conditions prevailing. England's debt burden grew to a total sum five times as great as the debt burden in the United States and that perhaps is the significant comparison to make between conditions in England which forced her to abandon the gold standard, and conditions in the United States.

The United States has 40 per cent of the world's monetary gold. We have our troubles but our depression came from other factors. We found new ways to borrow in this country and we over-borrowed. We borrowed on the installment plan. Credit was secured on real estate bonds. We loaned money to foreign countries on terms

and in amounts that were ridiculously unsound. We have high tariffs that cut down on our foreign trade. But through it all we have nothing that has developed that was as severe a threat to the gold standard as many foreign countries have gone through.

Now there are some factors that make it difficult to maintain the gold standard. Abroad they have a fear of any movement set on foot in this country for inflation. The countries of Europe have all tried inflation and know it leads to disastrous consequences and they don't want to see the United States start. They would threaten to draw deposits out of our banks and to sell American securities if we inflated.

Then the countries of the world with financial troubles at home are beginning to need some of their foreign balances and they are drawing balances back to their own countries for that purpose. Some of the banks found it necessary to improve their balance sheets, to go through a process of window dressing, establishing larger gold totals in their balance sheet. To get gold they must sell their foreign assets.

In France and some other countries there is some hoarding, the hoarding of actual yellow gold, not the hoarding of paper money as in this country. The banks have to supply this gold to hoard and therefore must replenish their supplies.

Interest rates abroad are higher than they are here. At times there is competition in interest rates between two countries. European investments are low and some of the capital is drawn from the United States for use in Europe.

In this country we have some drawing on our gold supply, some hoarding of gold. We have bank failures which call for a greater use of cash in the communities that are not supplied with banking facilities and we have some export of capital from our country, American capital and money, to establish factories abroad.

This capital must be exported in the form of gold unless some trade or foreign exchange can be made, and it is one of the most serious threats to our gold standard.

But now after going over the factors that might cause difficulty with our gold standard, let us consider some of the things we could do if the gold standard was seriously threatened. In the first place, let us look at the Federal Reserve Bank to whom any person wishing gold must come at the present moment.

The Federal Reserve Banks of the United States have gold over and above the legal minimum requirements as backing for their deposits and their currency. They have gold today that could be exported. Moreover, everyone who wishes to get gold from a Federal Reserve Bank must bring some asset to the bank or sell it to the Federal Reserve Bank or discount it and in that way they would provide the Federal Reserve Bank with assets that would be used instead of gold as collateral for currency.

We find that we would probably have released the additional sum of gold if gold exports should occur of some \$600,000,000 making a total amount of gold that could

be exported nearly \$1,000,000,000 before we would be technically down to our legal minimum gold reserve and our legal minimum is only a matter of law and the law specifies that we can reduce our legal reserves below the minimum.

But now before we reach our legal minimum on gold reserves there are several things that we could do. We could raise our interest rates and make it more attractive for foreigners to lend money here and more discouraging to borrow money here. In Europe they have had interest rates that in some of the countries were from 15 per cent to 20 per cent. In this country our Federal Reserve Banks are lending at  $3\frac{1}{2}$  per cent. Cheap money in spite of the threats to our gold standard is a sign of our financial strength.

We could stop our foreign loans. We could stop our imports. We would, if there was any serious threat to our gold standard. We would find that prices of foreign merchandise relative to the prices of our own merchandise would be high and we would stop our imports of foreign goods. We would stop our foreign tourist trade and finally we could make use of a dead letter in the present Federal Reserve Law. The Treasurer of the United States is given the power to borrow gold abroad by the sale of our bonds.

Did you ever stop to realize that we don't owe a nickel abroad? That is as far as our government is concerned. Our government has borrowed \$20,000,000,000

at home but we don't have any foreign loans and our credit is good enough so that we could find plenty of foreign purchasers to buy our bonds and pay gold for them if the time came when such a thing was necessary.

I want to leave just this one thought with you in regard to the future of the gold standard. Don't let anybody tell you that the world is abandoning the gold standard. They are not going to find something better. Most countries in Europe and many other countries in other parts of the world have abandoned the gold standard, and one and all, they are looking forward to the time when they can get back onto the gold standard, perhaps not at the same ratio of gold, but get back on it for the stability of the money and credit situation that it brings.

We have the spectacle of Canada going off the gold standard but with public statements of their statesmen denying the fact that they are off it!

We have the spectacle of England gradually acquiring gold in spite of the fact that she is admitted to be off the gold standard at the present time. India has shipped \$150,000,000 of gold to England and it is said that more Indian gold will go to England.

Whenever Europe has any monetary trouble at home or fear of trouble abroad even those countries who are off the gold standard call for gold from sources from which it can be obtained. In Peru last December a conference of central banks was held and resolutions were made restating a desire to stay on the gold standard.

## Special Train to the Convention!

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C. N. MERRIAM, Chairman, Transportation Committee

ASSOCIATED RETAIL CREDIT MEN OF ST. LOUIS

416 North Fourth Street

Saint Louis, Missouri



# The Direct Inquiry « « Curse of Credit Business

By R. EARLE KLOTTEN

Secretary, Cortland Credit Service, Inc., Cortland, N. Y.

An Address Before the Annual Joint Conference, New York Credit Grantors and Associated Credit Bureaus of N. Y., Binghamton, N. Y., Feb. 29, 1932

**T**HIS is one of the first topics I heard discussed after becoming affiliated with the profession of Credit Bureau Managers, nearly six years ago. It has been listed for discussion at every conference I have attended since that time. Therefore it must be, and is, important.

I realize, in addressing this joint conference, that there is assembled here a group of men and women of diversified interests, all, however, with one aim in view, efficient credit granting and profits.

Credit information is indispensable, for the reason that future profits of retail business depend on volume; and a profitable volume depends on credit sales.

Arthur H. Hert of the University of Texas has been doing research work on credits and collections during the past few years, and his findings have received considerable publicity. You will be interested in his statement regarding the direct inquiry:

"The Direct Inquiry has been called the 'Curse of Credit Business.' It has cost business men more money than all the fires, bankruptcies and bad checks. It has helped the professional 'deadbeat' to get more credit. By its use one merchant has caused the others to lose more money; and it has furnished credit information on good customers to the mail order and soliciting houses. It has been the means by which firms of all kinds have been able to get credit information without using or supporting credit bureaus. They will continue to do so, just so long as merchants, bankers and others will furnish information free."

In the first place, the use of Direct Inquiries is an unfair business practice. This condition, while it has a national scope, is purely a local condition, and it is up to every one of us, whether retailer or credit bureau executive, to aid in every possible way to correct it.

Protect your business and yourself. Have you ever considered the possibility of embarrassment that might arise when direct inquiries are answered? The party to whom you furnish information is in no way obligated to refrain from quoting you, and there is the possibility of a strained relationship between the individual reported upon and yourself. Subscribers and nonsubscribers of credit bureaus are liable under the law for a possible prosecution for libel when giving out to other business

people, confidential information concerning subjects of inquiries coming to them direct.

Bureaus are organized to promulgate and disseminate information as a privileged confidential communication. Therefore, cooperate with your local credit bureau, turn every direct inquiry over to them, together with all available information from your files, the references and your ledger experience. This adds to the records of your local credit bureau, relieves you as having done your duty, forces the party making the inquiry to aid in the support of your bureau, keeps your good customer for you, and reveals the practices of the poor pay customer.

Let me here interject a word about references. There seems to be this question in the minds of some bureau users: "Why should we furnish the bureau the references on our inquiries, when we can call the reference direct?" You do not expect a credit prospect to tell you the name of any retailer where his account was anything but good, prompt and profitable, so when you call direct, you get the sunny picture of your customer from hand-picked sources.

You can readily see that when a bureau is used as a central clearing house for direct inquiries, it protects you, as well as your neighbor who may have derogatory information on the prospect, or who may be seeking the address of the party who is applying for credit.

Having for several years, prior to operating a credit bureau, been a credit manager, I can agree with the credit manager of a dry goods store in Denver, who said:

"As a credit manager, it is my suggestion that you bureau managers pay particular attention to all foreign calls. If you will make these reports full and complete you will find that the merchants in distant cities will prefer checking their risks through their bureaus rather than direct.

"We do not believe in the direct inquiry. We believe in clearing everything through our local association, but when we are called upon to buy a special report and find that report practically worthless from a credit granting standpoint, then we feel that, after all, we should check direct."

The National Retail Credit Association has, ever since its inception in 1912, been endeavoring to educate bureau

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managers in compiling standard consumer reports, and the furnishing of these reports on a 24-hour basis.

In closing I would like to leave this thought with you. Bureau managers—give prompt, efficient service. Credit grantors—bureaus are here for your protection against credit losses, and cooperation is the only way that these bureaus can be maintained. Invest in credit bureau service, cooperate to the fullest extent. Put your bureau on your payroll; clear all applications for credit; refer all direct inquiries to it and demand satisfactory service.

» » »

### Among My Souvenirs

By H. L. Frisby, Credit Manager,  
Anderson & Sons Company,  
Ogden, Utah

Oh memory sublime;  
Oh customer of mine;  
Your many promises  
Keep running through by mind.  
I thought that you were true,  
That you would pay when due,  
But find that promises  
Don't mean a thing to you.

No matter how I try,  
I just can't help but sigh,  
To think how you would lie,  
About your credit rating.  
But now beyond a doubt,  
I, too, have found you out,  
But the amount it cost me  
Leaves an awful sting.

One day to my surprise  
You laid before my eyes,  
Your check which paid in full,  
You also took some change.  
And then to my dismay,  
The bank refused to pay,  
For your account was closed,  
And had been many a day.

Since then I've tried in vain,  
My money to obtain,  
Always to find again,  
It's only efforts wasted.  
And so in my distress,  
Which mars my happiness,  
I place your worthless check  
Among my souvenirs.



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Route of

## The SCENIC LIMITED

The scenic route to and from the west. Between St. Louis and Kansas City, Colorado, Salt Lake City, San Francisco via the Royal Gorge and Feather River Canyon. Westbound leaves St. Louis 2:02 pm. Eastbound arrives St. Louis 4:05 pm.

## The TEXAN

The sunshine route from California and the southwest. Arrives St. Louis at 8:20 am. From Texas cities the SUNSHINE SPECIAL arrives St. Louis at 11:30 am. The SUNSHINE SPECIAL south and west bound to Texas (stopover at El Paso for visit to Carlsbad Cavern and Juarez, Mexico—just across the border), New Mexico and Arizona to California. Leaves St. Louis 6:30 pm.

Use These Diverse Routes

enroute to and from the

**ANNUAL CONVENTION**  
**National Retail Credit Ass'n**  
Washington, D. C. June 21, 1932

Further  
Information  
from

P. J. NEFF  
Asst. Vice-Pres.  
St. Louis, Mo.



**Dependable Freight and Passenger Service**

## Poor Credit Methods Used by Concerns That Failed

High credit-loss percentages in combination with large proportions of sales on a credit basis were found frequently among the retail failures analyzed in the Commerce Department's survey of business failures in Newark, New Jersey. As compared with reports gathered in the National Retail Credit Survey, the average open-credit losses of the credit retailers were eight times as great proportionately as those of going concerns and the average installment losses of retailers reporting this figure were five times as great as those of going concerns.

Poor credit methods were found to be among the important causes of failure for the concerns studied. Most of these concerns, whether in the retail, wholesale, or contracting business reported large losses on bad debts, considerable trouble in collecting accounts, and a large proportion of their business on a credit basis.

For the year preceding failures the average bad-debt loss on open credit extended to customers by those concerns which did a credit business and which were able to furnish figures was 7.2 per cent. The average loss on installment credit was 17.1 per cent.

The average bad debt loss on open accounts was 16.5 per cent for contractors who failed; 10.8 per cent for wholesalers; 4.8 per cent for retailers; 11.7 per cent for automobile dealers; 16.6 per cent for radio dealers; and 3.6 per cent for furniture stores. Installment credit losses were very high for real estate dealers who failed (47.1 per cent); plumbing and heating contractors (32.2 per cent); electrical contractors (13.3 per cent); furniture stores (9.6 per cent); and automobile dealers (9.5 per cent).

Of the 238 businesses reporting on the subject, only 32, or 13.4 per cent, used credit bureaus, and 206, or 88.6 per cent, did not use this agency as an aid in carrying on their credit business.

» » »

## Omaha Active in Credit Education

Harry O. Wrenn, Credit Manager, Nebraska Clothing Company and President of the Retail Credit Men's Association of Omaha, has been exceptionally active in credit education work in that city.

Thirty-four students are enrolled in an eighteen-week credit study held every Thursday at the offices of the Retail Credit Bureau and Mr. Wrenn, with Mr. Robert Rowan, have delivered lectures to the seniors of the Technical High School and staged demonstrations of the work in a Retail Credit Office.

### CREDIT BUREAU FOR SALE

Operating three years—70 members—over 10,000 master cards—active Collection Department—Good Income—Excellent Opportunity. Full information on request. Box 41, Credit World.

## Drive Your Message Home!



Decalcomania Transfers—can be put on either metal or glass

## Use This Beautiful "Decal" Emblem

- on every credit and collection department door.
- on every cashier's window.
- in rest rooms.
- wherever the public may see it and absorb its message.

Priced so inexpensively that you may use it freely. Attractively finished in four colors: Shield in blue, emblem in blue and red, copy and scrollwork in gold and black.

Price 20 Cents Each

Order From Your Credit Bureau

**NATIONAL RETAIL CREDIT ASSOCIATION**

Executive Offices

Saint Louis

# THE PRESIDENT'S MESSAGE

FRANK BATTY

President National Retail Credit Association



## Back to First Principles!

WHEN THE CREDIT WORLD in September, 1931, published the statement made by a North Dakota storekeeper that "when a customer of mine fails to pay his bills on the terms originally agreed upon, I would just as soon lose him and let the store across the street bear the burden," it aroused nation-wide interest and favorable comment. The merchant was commended for his backbone in taking a stand for a fundamental credit principle in which everybody seemed to believe—that is, theoretically—but which few put into practice.

We agree that the policy is sound but marvel there should be a man with sufficient courage to put it into operation in his own business and make success of it. Is the spirit of chivalry dead? Has the pioneer influence in modern business become subject to decadence and our attitude that of *laissez faire*?

Heaven forbid! When faith, vision and courage are mere platitudes there is little hope for progress and a revival of business. We shall emerge from the slime of depression as we revert to sound policy in credit extension, and profit immeasurably thereby.

Another forceful illustration of the subject has just come to our attention, and is here reproduced verbatim.

A San Francisco merchant recently mailed the following circular to all his charge customers:

### CONCERNING ACCOUNTS RECEIVABLE

Fortunately, for the welfare of our business, many of our patrons pay their accounts promptly upon receipt of our monthly statements. To all such we extend our heartfelt acknowledgment for their considerate and fair dealing.

There are others who, for various reasons, delay payment indefinitely. This procedure, through overhead expense in carrying the account, postage and clerical work

in mailing statements, makes a serious inroad into our profit in the transactions. All too frequently such accounts ultimately become uncollectible and result in a direct loss.

The aggregate amount of these delinquent accounts is sufficient to cause us financial embarrassment.

Charge accounts are extended to our patrons for their convenience in paying monthly instead of for each purchase and are due and payable upon receipt of our monthly statement. In exceptional instances, special terms may be arranged at the time of purchase. We are more than glad to extend charge accounts to all of our patrons who will conform to our terms.

To all others, we must say, with much regret, that we cannot afford to carry their accounts and we must respectfully request that they refrain from charging their purchases.

We are mailing this statement to all of our accounts, both active and inactive, soliciting the cooperation of all of our friends in these trying times. Charges made in the future will imply an acceptance of these terms.

We earnestly desire to continue to give our patrons efficient and intelligent service and to develop relations of the utmost cordiality.

Our hats off to this "audacious" merchant! He is subject to keen competition in his line of business but he is unafraid. The bogey of sales resistance as the result of his decision has no terrors for him.

He knows where the vanishing point of profit in accounts receivable lies, and has taken a decidedly forward step toward rehabilitation, by discarding unsound practice for sound economic principles. Alas that such as he should be compelled to fight the battle single-handed!

A cooperative community credit policy is the desideratum in the commercial life of America, and the ideal for which the National Retail Credit Association is continually striving.



# What Price Collections?

By GUY H. HULSE

Secretary and Educational Director, National Retail Credit Association

[[ Editor's Note: This article, originally published in the "Service Bulletin," is reproduced here in response to widespread demand ]]

**C**OMMISSION rates are most essential, since within the schedule of rates lies the ability of Collection Departments to show a satisfactory profit and to furnish clients an efficient and honest service.

The operation of a Collection Department is a separate and distinct business. It should be made to stand on its own legs. It should never be subsidized. Subsidized Collection Departments are a menace to the collection business generally. They are unfair in their competition since through subsidization they are able to and in some instances do, cut commission rates below what may be considered as honest and intelligent.

Business and professional men should never organize themselves into an association for the purpose of handling collections on rates which are not consistent with good business. Rates based upon subsidization are unfair, not only to the department, but to the users of its service as well.

Honest, industrious and efficient men have spent years in building up highly successful collection businesses. It is manifestly unjust for business and professional men to organize mutually owned collection services, operated as Departments of Credit Bureaus, on the basis of subsidization, using this subsidization as an excuse to establish unfair rates of commission, thereby cutting the foundation from beneath businesses which have taken years of painstaking care and intelligent effort to build.

This is not to be construed as an appeal for those who are engaged in the operation of privately owned collection services, but rather as an appeal to mutually owned and operated collection services to base commission rates not only upon justice and equity, but upon proper business principles. The natural advantages which Collection Departments of credit bureaus possess should be capitalized to the fullest extent. If, through capitalizing these advantages, these departments find themselves in an especially advantageous position, due entirely to their efforts and to advantages inherent in their organizational set-up, then it is just that their commission rates should reflect these advantages.

It is vitally important that the Collection Departments affiliated with this Association through its Supervising Collection Department decide upon and enforce intelligent and honest commission rates.

You ask what is an intelligent and honest rate?

An intelligent rate is one which is based upon the actual amount of crystallized labor power required to produce a given collection result. There is no way in which crystallized labor power on a result-producing basis may be measured, other than on the size of the payments made by the debtor—it being self-evident that an account paid in relatively small payments, over a period of weeks or months will cost more to collect than an account of the same size paid in one or two lump sums. Consequently, commission rates should be graduated on this basis.

There is no uniformity in connection with the schedules of commissions now being used by our affiliates. Some Collection Departments base their commission schedules on the age and size of the account. This is manifestly incorrect since many accounts, one day or one week old are decidedly more difficult to collect than other accounts that may be from one to ten years old.

The age of the account has very little to do, practically speaking, with the difficulties which that particular account may present in so far as its collection is concerned. Basing commissions on the size of the account is likewise a fallacy since it cannot be told in advance that an account of \$100 will present less difficulties from a collection standpoint and consequently should earn a lesser commission rate than an account of \$5.00.

Other Collection Departments operate under a schedule of commissions based upon the distance the debtor resides from the office. For instance, a three-mile zone earns a certain commission—say 25 per cent. A six-mile zone may earn 33⅓ per cent. A ten-mile zone may earn 50 per cent, etc. It does not require extended analysis to determine that this method of setting up collection rates is incorrect.

An honest commission rate is one which permits the Collection Department to pay all of its expenses and still make a legitimate profit. One that will not require the Collection Department to be subsidized and one which, if applied to the collection fraternity generally, would not necessitate that the independent collector dip into the funds of his clients in order that he might live and pay his necessary overhead expenses.

We come now as to **WHAT IS AN INTELLIGENT AND HONEST COMMISSION RATE?**

## UPON WHAT SHOULD IT BE BASED AND HOW?

In this connection, the following schedule is suggested:

- On all payments of \$100 and over—10%.
- On all payments from \$50.00 to \$100.00—15%.
- On all payments from \$5.00 to \$50.00—25%.
- On all payments of \$5.00 or less—50%.
- On all forwarded claims—50%.
- On all traced claims—50%.
- On all sued claims—50%.
- On all claims formerly in the hands of other attorneys or other agencies—50%.

These commission rates are based upon the size of the payment and not the size of the account. That is to say, an account of \$100 paid in sums of \$5.00 or less, will earn a commission of 50 per cent. The same sized account, paid in sums of \$50.00 and over, will earn a commission of 15 per cent. The same account paid in one lump sum will earn a commission of 10 per cent. Such a rate of commissions is eminently fair both to the client and the Collection Bureau, since it is self-evident that the \$100 account paid in sums of \$5.00 or less, either weekly or monthly, requires more crystallized labor power in its collection than does the same collection if paid in one lump sum. The commissions should be graduated accordingly.

Furthermore, this schedule of commission rates, if adhered to, will earn an average of  $33\frac{1}{3}$  per cent on all claims handled. It is recognized and has been established by actual survey, that the average overhead of honestly and efficiently operated collection services, runs about 26 per cent. This schedule of commissions will therefore permit of a profit which is due any business and which any business must have if it is to survive.

The handling of accounts for collection is a highly specialized business. It must be permitted to stand on its own feet. It must not be subsidized. It is essential that we come, as a Supervising Collection Department, to a basis of honest and intelligent commission rates if our individual units are to function satisfactorily and if the Supervising Collection Department is to be built into the National organization which it deserves and has every right to be.

« « «

## Oklahoma Retailers Meet

The Annual Convention of the Oklahoma Retail Merchants Association will be held in Shawnee, Oklahoma, April 11 and 12. The program calls for open forum discussions on important business matters and the annual banquet in Aldridge Hotel on the evening of April 11.

Reprints of any article appearing in *The CREDIT WORLD* may be obtained at nominal charge, cost depending on quantity desired.

# Have You Entered?

## The "Credit Sales Contest" Is Open to All Members!

Realizing that the credit manager of today must be a promoter of increased credit sales as well as an efficient collector, the National Retail Credit Association is anxious to bring to its members the best and most effective methods used in securing new accounts.

So we inaugurate a contest among the members of our Association, and offer three prizes for the best credit sales plan which has brought the greatest increase in credit business.

### The Prizes

- \$25.00 First Prize
- 15.00 Second Prize
- 10.00 Third Prize

Each of the three winning plans will be presented to the 20th Annual Convention of the National Retail Credit Association in Washington in June.

### The Time Limit

Midnight, May 15, 1932.

### The Judges

A Committee of Three—a Leading Merchant—a Sales Expert—and a Department of Commerce Official.

### The Rules

1. The contest is open to all members of the National Retail Credit Association.
2. The size of the organization, volume of sales or kind of business will have no bearing in judging the merit of the plan.
3. The plan must be one which has been actually tried out, and not theoretical.
4. Contestants must describe plan in full and give detailed account of results obtained.
5. Write your plan on blank paper, and on a separate sheet write your name and address, enclose both in one envelope and send same to

### "Credit Sales Promotion"

## National Retail Credit Association

1218 Olive Street

St. Louis, Mo.



# WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

## FOREWORD

OUR good friend, Congressman Clyde Kelly of Pittsburgh, on March 7, introduced H. R. 10247, which re-enacts the National Retail Credit Association "Return Registry Receipt Address Bill" of the last Congress, and then adds a proviso that "No refund shall be made of fees paid for return receipts for registered or insured mail where the failure to furnish the sender a return receipt or the equivalent is not due to the fault of the postal service."

This bill has passed the House and is now before the Senate Post Office Committee. Mr. Kelly thought that it would in no wise interfere with the return address service in which the association is interested but might in some respects be an advantage.

The Washington office has received information to the effect that when the addressee is not at home when the carrier calls to deliver the registered mail a notice is left to call for the same at the post office and that when the addressee calls at the post office the house address is not placed on the receipt along with the signature. The attention of the Post Office Department and of Mr. Kelly has been directed to this situation.

## Legislative

(a) Legislative turmoil has featured March in Washington but one issue of prime importance to America has been settled—the budget will be balanced. Another Soldier's Bonus is being agitated but with Congress taking a more sober view of the country's situation it is not expected to become a law. Hearings are steadily going forward on many important measures.

At this writing, April first, neither the Senate nor House Judiciary Committee has as yet taken up the subject of bankruptcy. The Senate Judiciary Committee has referred bankruptcy to a subcommittee of that body consisting of Senators Daniel O. Hastings of Wilmington, Delaware, Felix Hebert of West Warwick, Rhode Island, and Sam G. Bratton, of Albuquerque, New Mexico.

The House Judiciary Committee has also referred the matter to Subcommittee Number Three, of which Representative Henry St. George Tucker of Lexington, Virginia, is chairman. The other members of the subcommittee are as follows: Representatives Tom McKeown

of Ada, Oklahoma; Malcolm C. Tarver of Dalton, Georgia; Francis B. Condon, Central Falls, Rhode Island; Richard Yates, Springfield, Illinois; Earl C. Michener, Adrian, Michigan and Fiorello H. LaGuardia, New York City, New York.

(b) Senate 4115, the Glass Banking bill, is encountering stormy weather and Senator Glass is said to be contemplating an investigation into the nature and sources of the opposition. Many bankers and business men have testified on the bill but the Senator recently stated that much of this opposition seems to be "organized."

While strong opposition is manifesting itself, the chances for banking legislation, at the hands of the 72nd Congress, may be better than appears on the surface.

(c) The United States is not liable for tort claims and for that reason legislation to provide for settlement of claims against the United States on account of property damage, personal injury, or death, most of which are in the category of torts, is a matter of some interest. Legislation has been proposed in each of the two preceding Congresses and is now pending in this Congress.

Hearings have been held before subcommittees of both branches of Congress and reports have been received from both the Attorney-General and Comptroller-General. A favorable report is expected from the Senate Claims Committee at an early date and it is entirely possible that Congress will pass some legislation on this subject in the 72nd Congress.

In a general way, authority to settle such claims up to a thousand dollars will be given to the Comptroller-General and between that amount and up to fifty thousand dollars to the Court of Claims to investigate and report its findings to the Senate Appropriations Committee for proper appropriations.

## Departmental

(a) Agitation in Congress for consolidation or discontinuance of many government activities brings to the fore the Retail Credit Survey. The Interior Appropriation bill was by resolution of the Senate returned to make a 10 per cent cut in its aggregate amount and when the four department bill (State, Commerce, Justice and Labor) was debated by the Senate on March 22, it was likewise returned to the Appropriations Committee.

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The amount necessary to conduct the Retail Credit Survey is so small and its results so necessary to business that it is hoped that this item in the Commerce Appropriation bill will not be disturbed.

(b) The report on the fourth semiannual retail credit survey covering the periods, July to December, 1930 and 1931, is now being printed and copies will be available for distribution during the latter part of April. Comparative figures with the seven lines represented, namely, department, furniture, jewelry, men's clothing, shoes, women's specialty and electrical appliances, as against the same figures last year from the twenty-five geographical cities represented will be of value.

With the cooperation of the National Retail Credit Association and its bureau managers, it has been possible through the medium of these surveys to obtain definite and reliable guides in credit extension policies. It cannot be too strongly emphasized that the confidential figures furnished by the units reporting could be obtained only by the government and through no other source.

(c) The Department of Commerce is expected to release this month a report on "Causes of Failure Among Drug Stores" as a part of the drug store survey in St. Louis.

In getting the information contained in the report, the names of all retail druggists that failed during the last five years in St. Louis were secured and a personal interview was held with those available. The report includes a complete analysis of the operations of thirty druggists who failed and the causes of their failure.

## Court Decisions

(a) A petition to the Supreme Court of the United States for a writ of certiorari to the C. C. A. for the Second Circuit (New York) was filed on March 5 by Morris and Fannie Schoenthal against the Irving Trust Company as trustee in bankruptcy of Leonard H. Smith. The petition asks the court to review the decision which on January 11, 1932, affirmed a judgment of the United States District Court for the southern district of New York.

Petitioners had in the District Court "moved for an order transferring the case from the equity to the law side of the court and for a jury trial" but were overruled. The failure to be accorded a jury trial and the admission of the bankrupt's schedules of assets and liabilities in evidence over the objection of the petitioners are the principal points which the Supreme Court is asked to review and decide.

Petitioners were sued by the trustee in bankruptcy to recover alleged preferential payments under section 60-b of the bankruptcy act.

(b) The United States Board of Tax Appeals in a decision of March 14, in G. E. Cotton v. Commissioner of Internal Revenue, respondent, reaffirmed an earlier decision of the board (Ella Pipes Cline, 15 B. T. A. 934) construing again article 323 of regulation 74 and

75, which provides that "each taxpayer shall adopt such forms and systems of accounting as are in his judgment best suited to his purposes." The Commission took the view that the method adopted by the taxpayer in this case did not truly affect his income, repeating their former position that while "the regulation cited contemplates that a liberal latitude be allowed to the taxpayer in keeping his books, \* \* \* it does not waive the requirement that any system adopted must truly reflect income."

In the instant case the petitioner, conducting a short loan business through an agent at Norfolk, Virginia, computed his income from the loan business in the following manner: "Without regard to outstanding loans—the petitioner treated all collections of both principal and interest as gross income for the year made. From their total he deducted all loans made and business expenses incurred in the year, and reported the remainder as the net income of the business."

(c) During 1931 several thousand banks suspended and such suspensions, of course, involved losses for stockholders. The Commissioner of Internal Revenue has recently decided that not only may the cost of the stock be deducted from a taxpayer's return as of the year in which the bank failed but also losses arising from double liability. In this latter connection the commissioner's decision holds: "A showing that an insolvent bank is in process of liquidation and, by reason of the assets of the bank being insufficient to pay the creditors, the additional liability provided by the state banking law has been assessed against the stockholders, is a satisfactory showing of the worthlessness of the stock of the bank for allowance of a deduction by the stockholders of the cost or other basis of such stock."

## The Two Best Books On Retail Credit!

### Retail Credit Procedure

By Norris A. Brisco

*in collaboration with The Associated Retail Credit Men of New York City*

Based on the actual experiences of these successful credit men, this book solves the problems which confront retailers from the moment the prospective customer says, "I would like to open a charge account." *Official Textbook of N. R. C. A. Courses.*

PRICE \$4.00

### Retail Credit Practice

By Bartlett & Reed

A practical, authoritative manual for retail store credit executives and students of credit practices. *Official Textbook of N. R. C. A. Courses.*

PRICE \$4.00

Order From

**NATIONAL RETAIL CREDIT  
ASSOCIATION**

Executive Offices, St. Louis, Mo.

# JOIN THE "MACKS TOURS" RAIL-AND-WATER CONVENTION TOUR

Combine Your Vacation With Your Trip to the National Convention

## "DAY-BY-DAY" TRAVELOGUE:

### SUNDAY, JUNE 12TH—

Leave St. Louis, Louisville & Nashville Railroad, 3:20 p.m.

### MONDAY, JUNE 13TH—

St. Louis delegation will join Memphis and other Southern delegations at Chattanooga 6:00 a.m. Arrive Asheville, N. C., 2:15 p.m. Cabs will meet us at the train for a ride over the business and residential section, and a visit to Grove Park Inn. Leave Asheville 3:20 p.m.

### TUESDAY, JUNE 14TH—

Arrive Jacksonville, Fla., 8:00 a.m. Breakfast at George Washington Hotel. After breakfast we go to Pablo Beach, which is twenty-five miles by bus. This is considered one of the best bathing beaches on the Eastern Coast. Bathing suits will be furnished for those who wish to take advantage of an invigorating swim. Luncheon at the Miramar Hotel. Leave Jacksonville on one of the palatial steamers of the Clyde Mallory Line 5:00 p.m.

### WEDNESDAY, JUNE 15TH—

Arrive Charleston, S. C., 7:00 a.m. This without doubt, is one of the most interesting cities in the United States. Many of the churches antedate the Revolutionary War. In the Court House is a painting of George Washington which is claimed to be the most lifelike in existence. The government has offered a huge sum for this painting but the city will not sell. We have six hours for sight-seeing before resuming our journey.

### THURSDAY, JUNE 16TH—

On board the steamer. There is diversion in numerous games or complete relaxation in steamer chairs on the broad decks. The exhilarating salt air breezes will restore vim and vigor to the tired business man, and this part of our journey will come to a close all too soon.

### FRIDAY, JUNE 17TH—

Arrive New York City 7:00 a.m. Transfer immediately to our hotel, The Paramount, where rooms will be furnished with twin beds and private bath. Our sight-seeing program for the day will include the Aquarium, boat ride to Bedloe's Island, where those who wish may climb to the top of the Statue of Liberty. We shall go through the financial district of Wall and Broad Streets, visit the richest church in the world, Trinity, see Bowling Green and the Customs House. A wonderful view will be that of New York from the Empire State Tower, the tallest building in the world. We shall have dinner at the Pepper Pot, in quaint and interesting Greenwich Village. After dinner we go through Chinatown, visiting the bazaars, mission, and Joss House.

### SATURDAY, JUNE 18TH—

Our sight-seeing program today will include a visit to the noted "Little Church Around the Corner," a shopping tour on Fifth Avenue, bus ride through the residential section of Fifth Avenue, and a visit to the Cathedral of St. John the Divine, which has been twenty-seven years under construction and is not yet completed. The next visit will be to Columbia University, followed by a bus ride through Riverside Drive. We follow the Hudson River for quite a long distance and shall see Grant's Tomb, Soldiers' and Sailors' Monuments and no doubt a fleet of Uncle Sam's destroyers at anchor in the river. Dinner at one of the famous Alice Foote MacDougall's restaurants, the Piazzetta, followed by a Broadway Musical Comedy.

### SUNDAY, JUNE 19TH—

The morning will be given for those who wish to attend church. In the afternoon we go to Coney Island and its board walk will be thronged with thousands of visitors from all over the globe. There are many attractions for young and old; chief among these is the Steeplechase, where hilarity reigns supreme. Dinner at another of the MacDougall restaurants, the Firenze.

### MONDAY, JUNE 20TH—

Leave New York 7:00 a.m. Arrive Philadelphia 9:30 a.m. We shall visit Independence Hall, see the Liberty Bell, original Constitution of the United States and many of the personal effects of George Washington. We also visit the home of Betsy Ross, the Quaker Cemetery where Benjamin Franklin is buried, and Fairmount Park. Leave Philadelphia 11:30 a.m., arrive Atlantic City 1:30 p.m. This playground of America needs no introduction, and the surf furnishes all necessary entertainment. Leave Atlantic City 7:30 p.m.

### TUESDAY, JUNE 21ST—

Arrive Washington 7:00 a.m. Transfer will be provided to the hotel of your choice. At this point we release you.

### FRIDAY, JUNE 24TH—

Transfer will be provided from your hotel at the train. Leave Washington 11:45 p.m.

### SATURDAY, JUNE 25TH—

Arrive Louisville 7:35 p.m. Leave Louisville 10:35 p.m.

### SUNDAY, JUNE 26TH—

Arrive St. Louis 7:20 a.m.

## COST OF TOUR FROM ST. LOUIS:

One to the lower berth.....\$182.00  
Two to the lower berth (each)..... 170.00

The cost of this tour will cover every necessary expense with the exception of the time spent in Washington. Rooms at hotel are provided with twin beds and private bath. Only standard all steel Pullmans are used and all tips are included. All meals unlimited—eat what

One to the upper berth.....\$177.25  
Cost from other points will be quoted on request

you wish. Baggage will be transferred free of charge.

A deposit of \$5.00 is required with order for reservation and this will be applied to the cost of the tour or returned if you find later that you cannot go. For other information write:

# W. A. McDONALD

268 SHRINE BUILDING

MEMPHIS, TENNESSEE

# Activities of the National Retail Credit Association

By LYMAN P. WELD

Manager, Longmont Adjustment Service, Longmont, Colo.

An Address Before the Annual Meeting of the Weld County Credit Association, Greeley, Colo., Feb. 15, 1932



**F**ORTY-TWO per cent of the people of our country can be said to be on wheels, as national statistics reveal the fact that 42 per cent of the nation's population move every year—approximately 25 per cent move from one community to another.

All these people have established, somewhere, credit records—*good, bad, or indifferent*. One of the major activities of the National Retail Credit Association is to provide means whereby their records will follow these people, like a shadow, wherever they go.

The National has made it possible through its Service Division, composed of over 1,200 credit bureaus throughout the United States and Canada for any bureau to quickly secure a standard credit report from any other bureau in this vast chain of bureaus. The National is now engaged in the task of securing a reliable correspondent in every city, town and village throughout the nation in which there is no credit bureau so accurate credit information can be readily secured on every person, wherever he may have lived. This is a huge task, one that will take time, but think of what it will mean to the retailers of our nation when the work is completed.

Unfortunately, many of those who move leave behind them a balance on the wrong side of their creditor's ledger. Realizing the need of a chain of collection service units, who would give honest, reliable collection service on retail consumer accounts, the National Retail Credit Association has organized a department known as the Supervising Collection Department.

This department was organized in June, 1930, but it was not until the fall of 1930 that applications for membership could be taken on account of the work involved in getting out proper application blanks, etc. However, in the past sixteen months over 650 collection service units have had their applications accepted and have become members of this department.

At the rate they are now coming in, I venture to state that by June first, there will be nearly 1,000 members in this department. A most rigid investigation is made on every application to this department. No applicant is admitted unless such investigation shows him to be fully qualified. A blanket bond covering business forwarded to any member of this department by any other member

is carried by the National in the Maryland Casualty Co.

Creditors whose claims can be forwarded to a member of this department are thus assured of reliable, efficient and honest collection service on retail accounts—a thing which has not always been possible before. At the St. Louis convention, last June, an outstanding retailer said, speaking of the Supervising Collection Department: "This is certainly a move in the right direction which will be of great benefit to the retail business men of the country."

To maintain the highest standard of efficiency in the various credit reporting and collection service units who are members of the two departments of the National which I have mentioned, it is necessary that much educational work for the benefit of the managers and employees of these various units be carried on. This is done in many ways. Considerable data has been made available to bureau managers as to organization methods etc., in the form of a book entitled, *Credit Bureau Management*.

An educational course for the members of the Supervising Collection Department is now being prepared; the National issues, bimonthly, a Service Bulletin to all members of those departments, containing suggestions for improved service—articles written by men and women of experience in the reporting and collection fields, etc.

A national convention is held every year in June to discuss credit problems; state or group state conferences, for the benefit of bureau managers are held annually or semiannually; the National has four field men constantly visiting bureaus in the various parts of the country to help them in their problems.

All this, and more, is done to maintain the highest possible standard of credit reporting and collection service for the benefit of the retailers of our country.

The National is less than 21 years old. Started with a charter membership of 75, it now has an individual membership of nearly 20,000 and a credit bureau and collection service unit membership of over 1,700, tying over 150,000 retail business men, bankers, and professional men into one organization, making it one of the largest and most influential trade organizations in the world.

Its influence is felt in Washington, where it maintains a representative to keep in touch with and help shape legislation of interest to retail business men of the country. Right now much is being done in trying to secure amendments to the bankruptcy law so as to give better protection to retailers. The National has secured an executive order making nonpayment by government employees, of bills contracted while in government service, a ground for dismissal under civil service.

It secured a change in the Post Office Department rulings, so that now for a special fee, the residence address can be secured on return receipts of registered mail, providing an excellent means of tracing delinquent debtors; it has secured the cooperation of the Department of Commerce in gathering reliable statistical information as to retail business and credits in various parts of the country; its representatives have been called into conference by President Hoover, with those of other groups to help solve some of the immense problems before our nation growing out of present business conditions. Time does not permit of giving anything further along this line save to say the National cooperates with state and group state organizations in helping frame and pass legislation in the various states for the benefit of retail interests.

The National has arranged for Credit Educational Courses. They are of great value. Many have taken these courses during the past two years, with much benefit to themselves. There are two courses, one a primary, one an advanced study course. If you have not had a study class you should arrange for one. Your secretary has the necessary data and I am sure he would like to have such a study class organized if there is enough interest shown to justify it.

The National has worked out a wonderful pay-promptly advertising campaign and will furnish to any bureau the necessary cuts and copy, at a nominal cost, for a local campaign. It publishes the CREDIT WORLD, the only magazine devoted exclusively to retail credit problems. It furnishes to individual members at nominal cost, well-worked-out, clever collection inserts and a better letter service, and issues warnings to all bureaus on fraudulent check operators working on national scale; it also furnishes lists of stolen autos, and other protective warnings of various kinds.

Withal, the National Retail Credit Association is the only organization in the country working constantly for the betterment of retail conditions. It deserves your support.

#### CREDIT BUREAU FOR SALE

Credit Bureau, county organization, in Middle West. 15,000 master cards with complete information. Full particulars on request. Box 42, Credit World.

## "The 'Half Way' Letter Is the Most Famous Inactive Account Letter"—

Say Bartlett and Reed  
in their new book:

### "Credit Department Salesmanship"

Originally published in the Better Letters Service in 1928, this letter has made the rounds of the country. Reports of its successes appear from time to time in various trade journals.

New letter ideas—new slants on collections and charge promotion—appear regularly in the Better Letter Service, now beginning its *sixth* year. A trial subscription will convince you of its value.

Here's what you'll get:

1. Each month a four-page Better Letters Bulletin—four pages of constructive letter ideas for better and quicker collections, for developing new charge accounts, for stimulating present charge accounts and reviving inactive ones.
2. Each month, copy for (a) one new letter to solicit new charge accounts and (b) one new letter to revive inactive accounts.
3. Every three months (April, July, October and January), copy for six new collection letters—letters that will bring you *new ideas* on collections.

#### SPECIAL TRIAL OFFER:

The regular subscription is \$20.00 a year but for a limited time we will accept three months trial subscriptions for \$5.00, and include the "Most famous inactive account letter" without charge.

Address:

THE BETTER LETTERS SERVICE  
NATIONAL RETAIL  
CREDIT ASSOCIATION  
1218 OLIVE ST. ST. LOUIS

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## The Banker's Interest

(Continued from page 6.)

I do believe it is possible for every man engaged in business to make a worth-while contribution in creating again a feeling on the part of the American people that *debt incurred should have two fundamentals: The ability of the purchaser promptly to pay; and that it is nothing short of disgrace for him to fail promptly to pay when due.*

The lot of the credit men under these conditions is a difficult one. We live in a time when the man with \$5,000 income can enjoy within measure every benefit of life that the man with \$100,000 income has.

Where one has a 16-cylinder Cadillac, the other may have, we hope, an 8-cylinder Ford; where one has an 11-tube superheterodyne radio, the other does beautifully on four tubes; where one has a beautiful country home, the other may have a small bungalow with just that same convenience.

And that is as it should be, it seems to me, and yet we have encouraged always each group to reach ahead to the advantages enjoyed by the other group. There will always be a class distinction of wealth as long as wealth exists. That class is not oppressive or offensive in this country. I see no reason why it should be. But we must create within our people a desire to live within their income.

And I don't want to bring too serious an indictment, but probably the difficulty has been to some extent that the selling end of retail business has been making the credit end of it just a sort of adjunct to help keep the books rather than to make it the important part of fundamental principles of sound merchandising which it really is.

Now what part can the credit man play in this restoration? I don't think a credit man is any good who is one of the sour, critical, unyielding, inflexible type that sits behind a roll-top desk and thinks "nobody is good for anything." I picture a credit man as a person of constructive viewpoints, as a principal protection of the retail business.

And if you will go with me to the tables of retail mortality I believe I can prove to you that credit laxity has been as much a cause of the increase in retail mortality in the last two years as any other single factor. Now in 1921 it was inventory, we all got hooked on that one time. Then after that we didn't have any inventory—we let the manufacturer and the producer of raw materials have it. Then we decided, though, that we would buy a lot of goods and get "volume" and transfer volume into credit—inventory into receivables—and that is where your retail mortality the last two years has largely come from.

With that indictment before us, shouldn't the retail credit man be given perhaps a little bit wider sway?

Shouldn't his viewpoint be taken a little more into consideration?

Because it is not altogether the fact that a retailer here and there fails, but it is the tremendous effect on the business possibilities of this country and the waste involved when literally thousands of retailers fail all over the country. It is unfortunate for one man to lose his business—more unfortunate for him and his associates than anyone else; but when that instance has been multiplied by an unsound condition and the loss becomes tremendously increased, then it becomes a *national problem* and a *patriotic duty on your part to lend aid to the solution.*

I believe that if you and I use some of the work to which I believe we were all accustomed prior to the late "new era," use some of the common sense economics which I believe had a part in the upbringing of every boy and girl in our generation, and some of the saving sense of humor that characterizes the American people, just so surely we will *balance our budgets*, collectively and individually and, with the use of common sense all the way through, we will come out of the woods and be a real nation of *related prosperity* again.

## Use Your National Emblem



3/4 Inch  
50 cents

All members of the National Retail Credit Association are entitled to use our national emblem on their letterheads and collection forms.

Thousands of them have found it to be a real collection help.

That is why we encourage its use and are prepared to furnish electros of our emblem for printing on your credit stationery.

We furnish these to members only, at cost, plus mailing and handling charges.

When ordering specify size desired.



1 Inch  
75 Cents

**NATIONAL RETAIL CREDIT ASSOCIATION**

1218 OLIVE STREET : : ST. LOUIS

## **Detroit Member Celebrating 90th Anniversary**

The Richmond & Backus Company of Detroit, members of the National Retail Credit Association for the past fifteen years, are this year celebrating their 90th anniversary.

The Richmond & Backus Company was founded in 1842 by A. Richmond, who a short time later associated himself with F. H. A. Backus and formed a partnership known as Richmond & Backus, dealing in stationery, manufacturing blank books, and carrying the first large stock of paper in Michigan. Some time later B. B. Richmond was taken into the partnership and the firm name changed to Richmonds & Backus, which continued until 1885 when the business was incorporated as The Richmond & Backus Company.

"Some idea of the Company's activities over the period of years," says Mr. L. C. Begole, President, "may be gained in the fact that The Richmond & Backus Company were the first in the world to build Metal Back Loose Leaf Ledgers, to manufacture Round Cornered Blank Books, and to design Hinged Ledger Sheets. In addition to this they were the first in Detroit to market typewriters, and later the first Detroit manufacturers of machine bookkeeping equipment."

At the present time the scope of activities cover an active and up-to-date stationery store, furniture department, and five floors of modern equipment for the manufacture of business forms and systems.

We believe that for a company to withstand the vicissitudes of 90 years is worthy of mention.

» » »

## **Baltimore Association Opens Collection Department**

The Retail Merchants Credit Bureau, Inc., of Baltimore, Md., announces the establishment of a Collection Department under the management of Philip Heller Sachs.

The merchants of Baltimore have long felt the desirability of having such a department, operating under

their own control, and the fulfillment of their wishes is now realized. Mr. Sachs has had considerable experience in the collection business, having formerly operated a successful agency in Baltimore.

The Baltimore Bureau is now fully equipped to give complete collection service on all claims in Baltimore and vicinity, and the National Office hopes the new department will enjoy an extensive exchange of forwarding business.

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## **When You Need a Collection Agency-- Why Experiment?**

Send your claims to a dependable and efficient collector—bonded by your Association.

The National Retail Credit Association has placed its stamp of approval on six hundred collection agencies affiliated with our Supervising Collection Department.

They are an important feature of National Service—patronize them!

*Supervising Collection Dept.*

**National Retail Credit Assn.**

1218 Olive St.

St. Louis, Mo.

## **Chicago Collections**

*Should Be Sent to*

### **Credit Service Corporation**

Collection Department of the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc.

✕

*The Official Credit Reporting Service of the  
Associated Retail Credit Men of Chicago*

35 South Dearborn Street, Chicago, Ill.

Telephone, Randolph 2400

**Credit Reports**

**Collections**

**YOUR COLLECTIONS IN**

## **Detroit**

*Will Receive the Best Attention Possible If  
Sent to*

### **The Merchants Credit Bureau**

*Incorporated*

The largest collection department in the city specializing on RETAIL ACCOUNTS. The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

*Rates Reasonable . . . . . Safety Assured*

**Commercial Accounts Also Handled**

*Address:*

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